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Bureau of Consumer Protection

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Medical Billing Opportunities: Not Exactly What the Doctor Ordered

“Earn \$\$\$ helping Doctors. Process medical claims from home. \$20-\$40/hour potential. Computer & modem required. We train.”

The classified ad looked like the perfect set-up for a Cloverdale, Ind., man: He could earn good money working at home so he could care for his three children and sick wife. He called a toll-free number and heard that for \$377, he would get everything he needed to launch a lucrative work-at-home medical billing business, including the computer software program and the names of doctors who wanted the service. If he wasn't completely satisfied, he could return the package within 30 days for a full refund.

As it turned out, the Hoosier *wasn't* satisfied with the plan. And he wasn't alone. Nearly 300 people have complained to the Federal Trade Commission and other government agencies and consumer protection organizations about one such medical billing promoter.

According to the FTC, the consumer victims paid from \$325 to \$495 for a program that advertised far more than it delivered. For example, the consumer protection agency said, although the ads claimed that users could make as much as \$50,000 a year working from home, “most didn't make a nickel.”

Stephen Gurwitz, an attorney with the FTC, says that when the would-be workers called for more details, they were told that they would get the name of at least one doctor who was in the market for medical billing services.

“They got an out-of-date database of doctors who had never asked for the service,” he says, “plus a sample letter to use to find their own clients. The money-back guarantee was barely worth the paper it was written on. Only a few people got a refund, and that was after repeated phone calls to the company, or complaints to their credit card companies or government agencies and consumer groups.”

Gurwitz calls work-at-home scams one of the oldest forms of classified advertising fraud. Often, he says, the scammers solicit consumers through classified ads in the “Help Wanted” section of local newspapers throughout the country, and in “giveaway” shopper's guides. But many of the fraud promoters are turning to the Internet to deceive consumers.

Medical billing business opportunities are typical of the work-at-home schemes touted in the classifieds. They promise that consumers can earn substantial income, either full or part-time, and that no selling or experience is required. The ads direct consumers to call a toll-free number for more information.

“What they don't say is that the information is part of a high-pressure sales pitch that promises big bucks for a small investment,” Gurwitz says. “But the chances of making the money claimed processing medical claims are slim to none, especially for a person with little or no medical experience and no connection to any doctors.”

Since 1996, the FTC has brought nine cases against medical billing scams, including four in 2000 alone. Yet, Gurwitz says, as quickly as these companies are put out of businesses, others appear to take their place.

The FTC warns that few consumers purchasing a medical billing business opportunity are likely to earn money, or even recoup their investment. Newcomers to the medical billing market — especially those with no previous experience and no contacts in the medical field — face fierce competition.

For consumers considering buying into a medical billing business opportunity, the FTC's Gurwitz suggests these caveats:

- Get all earnings claims in writing. Be sure the information includes the number and percent of past or current purchasers who have earned at least as much as the promoter claims. If the promoter hesitates or refuses to give the information in writing, walk away from the deal.
- Talk to other people who have bought into the program. Ask the promoter to give you the names of all or many previous purchasers so you can pick and choose whom to call. Interview these references in person and ask for the names of their clients and about details of their operations. If the promoter wants to give you only a few references, be wary. They may be “shills” — people paid to endorse the program.
- Check out the company with the state Attorney General's office, consumer protection agency and the Better Business Bureau in your area and the area where the promoter is based. These organizations can tell you whether there are any unresolved complaints about the company. Be aware that the absence of complaints doesn't necessarily mean the company is legitimate.
- Consult with an attorney, accountant or other business advisor before you sign any agreement or make any payments up front.

“Because there are so many fraudulent operators out there, it's critical that consumers interested in work-at-home opportunities keep their eyes wide open and their wallets shut tight until they're absolutely sure what they're getting for their money,” says Gurwitz.

The FTC works for the consumer to prevent fraudulent, deceptive and unfair business practices in the marketplace and to provide information to help consumers spot, stop and avoid them. To file a complaint, or to get free information on any of 150 consumer topics, call toll-free, **1-877-FTC-HELP** (1-877-382-4357), or use the complaint form at www.ftc.gov. The FTC enters Internet, telemarketing, and other fraud-related complaints into **Consumer Sentinel**, a secure, online database available to hundreds of civil and criminal law enforcement agencies worldwide.